

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Auction 903)	
Comment Sought On Competitive)	
Bidding Procedures And Certain)	AU Docket No. 17-182
Program Requirements For The)	WC Docket No. 10-90
Connect America Fund Phase II)	
Auction)	

To the Commission:

COMMENTS OF ILLINOIS ELECTRIC COOPERATIVE

Illinois Electric Cooperative ("IEC") hereby submits comments in response to the Federal Communications Commission's ("FCC") Public Notice initiating the pre-auction process for the Connect America Fund ("CAF") Phase II auction, also referred to as Auction 903.¹

INTRODUCTION

Auction 903 will be the first auction to award ongoing high-cost universal service support through competitive bidding in a multiple-round, reverse auction. Through this auction, the FCC stated its intention to maximize the value the American people receive for the universal service dollars and balance higher-quality services with cost efficiencies.

¹ FCC AU Docket No. 17-182 WC Docket No. 10-90 Pre-Auction Notice (FCC 17-101), Released August 4, 2017.

Accordingly, the auction is designed to select bids from providers that would deploy high-speed broadband and voice services in unserved communities for lower relative levels of support. The auction is scheduled to begin in 2018.²

IEC BACKGROUND

IEC was organized in May of 1936 as Illinois Rural Electric Company to provide electric service to rural areas. The first electric lines in IEC's territory were energized in 1938. IEC's headquarters is centrally located in the heart of its service territory in Winchester, Illinois, serving members in the Illinois counties of Morgan, Pike, Scott, Greene, and Calhoun, with a few members located in the adjacent counties of Adams, Brown, Cass, Jersey, and Macoupin. IEC supplies electricity and provides internet service to over 14,000 accounts, one-third of which are internet accounts. IEC is registered with the Illinois Commerce Commission ("ICC") to provide interconnected Voice over Internet Protocol service and successfully completed a key ICC Digital Divide Elimination Infrastructure Fund project.³ Additionally, IEC holds certification as an Illinois local exchange and interexchange telecommunications carrier,⁴ statewide authorization to provide cable and video service,⁵ and an FCC license to construct and operate cellular radio towers in Illinois.⁶ IEC participated in the preliminary stages of the FCC's Broadband Experiment and carries designation as an Eligible Telecommunications Carrier.⁷

IEC has substantial experience in building, maintaining, and upgrading utility

² Id. Para. 1, 2.

³ ICC Docket No. 06-0187, Order entered September 19, 2006.

⁴ ICC Docket No. 15-0529, Order entered December 9, 2015.

⁵ ICC Docket No. 15-0170, Notice issued March 26, 2015.

⁶ FCC FRN #000482189. IEC federal registration to construct and operate cellular radio towers.

⁷ ICC Docket No. 16-0191, Order entered March 22, 2017.

infrastructure. Its investments in internet and electric facilities range between \$6 million and \$8 million annually. Accordingly, IEC is fully able to manage, build, maintain, and repair infrastructure for the next generation of telecommunications services. IEC offers phone service and internet over its own fiber-to-the-premises (“FTTP”) networks in small areas of its service territory.⁸ IEC also offers fixed wireless internet service over its broadband wireless network. Its fixed wireless infrastructure provides internet service from over 80 structures at speeds of up to 35 megabits per second.

IEC has a proven track record of providing high-speed broadband and affordable internet access to the communities it serves. Further, IEC seeks to continue, on a not-for-profit cooperative basis, its investments in such infrastructure and provide the opportunity for all stakeholders in its communities to benefit from such investments. IEC also believes that if it did not provide broadband internet service, such service would simply not be available in many parts of IEC’s service territory.

THE FCC’S REQUEST FOR COMMENT

IEC appreciates the FCC’s request for comment and, having reviewed the pre-auction proposals, will address certain selected issues in the order that they appear in the Notice. The lack of a response to any particular proposal in the Notice does not necessarily mean that IEC supports the particular proposal.

To being with, IEC agrees with the FCC’s proposal in paragraph number 35 to collect high-level operational information from each applicant to complete its operational showing and enable FCC staff to determine whether the applicant is expected to be

⁸ IEC provides services through its “own” network facilities as defined pursuant to the *First Report and Order* (FCC 97-157, CC Docket No. 96-45) ¶ 159.

reasonably capable of meeting the public interest obligations.⁹ IEC agrees that in addition to considering experience in providing voice and broadband service, recognition and consideration of experience in providing electric distribution or transmission service is also relevant and important in determining an applicant's ability to meet its obligations under CAF Phase II projects.

In the context of its request for comment on the assumptions an applicant will need to make about network usage and subscription rates when determining whether it can meet the public interest obligations for its selected performance tier and latency combination(s), the FCC posed the following question at paragraph number 36:

For example, if a provider will only have facilities in place in year two to serve 10 percent of the eligible locations in its bid area, should it be required to make its assumptions based on this subscription rate in that year?¹⁰

IEC believes the answer to this is unequivocally "yes." Take rates and subscription rates are based on whether the potential subscriber *takes* the available service. If service is not available to a specific customer or group of customers, such customers should not be included in the subscription rate calculation. If the FCC seeks to determine the progress of a provider's Phase II project, it would be better served using the scope of broadband service deployment as a primary input when calculating subscription rates.

At paragraph number 71, the FCC, among other process proposals, discusses training and outreach. The FCC has directed the compilation and release of a guide that provides further technical and mathematical detail regarding the proposed bidding, assignment, and support amount determination procedures, as well as examples for potential bidders. IEC suggests that the information include a step-by-step guide along

⁹ Notice at para 35.

¹⁰ Notice at para 36.

with troubleshooting tips (e.g. listing typical user actions which create error messages with remedies). The availability of such information will help educate parties that have never participated in an FCC auction. IEC also agrees that it is beneficial for expert FCC staff to engage with providers interested in the auction process. This engagement should include, but not be limited to, webinars, tutorials, and regional in-person workshops. IEC previously worked with staff from the United States Department of Agriculture in regional workshops during the course of participating in American Recovery and Reinvestment Act broadband programs and found it to be a worthwhile effort.

With regard to the possibility of placing bids by proxy, as described in paragraph numbers 94-97, IEC agrees with the FCC's proposal to facilitate proxy bidding. Proxy bidding should allow a bidder to submit instructions for the system to continue to bid automatically for an area with a specified performance tier and latency combination in every round until either the base clock percentage falls below a bidder-specified proxy amount, the bidder intervenes to change its bid, or the area is assigned, whichever happens first. Further, IEC supports the use of "alerts" regarding the status of a bidder's proxy instructions and confirmations.

CONCLUSION

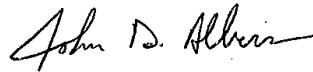
IEC respectfully requests that the FCC consider its comments to develop a fair and efficient CAF Phase II auction process supportive of the FCC's broadband deployment goals.

Dated: September 18, 2017

Respectfully Submitted,



Thomas D. Meehan III
President
Illinois Electric Cooperative
Two South Main Street
Winchester, Illinois 62694
217-243-8700



John D. Albers, Counsel
Shay Phillips Ltd.
230 S.W. Adams Street, Suite 310
Peoria, IL 61602
309-494-6155



Peter J. Wagner
Consultant to Illinois Electric Cooperative
Wagner Consulting LLC
5 Pickering Lane
Springfield, Illinois 62712
217-620-1018